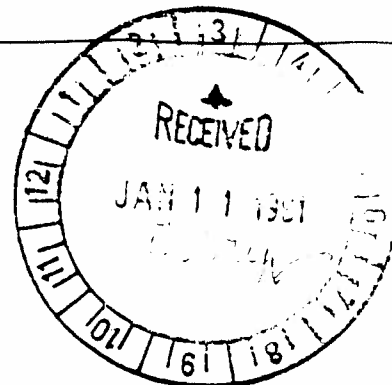




*Territory of Guam  
Territorio de Guam*

*M. Lujan*  
JAN 11 1991



The Honorable Joe T. San Agustin  
Speaker, Twentieth Guam Legislature  
155 Hesler Street  
Agana, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 44, which I have signed into law this date as Public Law No. 20-225.

Public Law No. 20-225 is a timely piece of legislation that as you are probably aware was one of the major focal points during the Governor's Conference on Affordable Housing and was the basis for the theme "Affordable Housing Public-Private Partnership." I commend you, the bill's sponsor Senator Lujan and the other members of the legislature for the overwhelming support you have shown in passing this bill.

I do have few concerns, however, that if I may suggest that the legislature act on during its next session. These items are the five years equity sharing and occupancy provisions in Sections 7 and 15.

As a result of research done by Guam Housing Corporation at six private lenders on the island, they discovered that the twenty-five years equity sharing provisions could be an obstacle for our customers to obtain private financing to purchase the homes. Without private financing this program may not be successful. The twenty-five years equity ownership could inhibit home owners from obtaining a second mortgage to improve and maintain the home thus jeopardizing the value of the collateral. These provisions also restrict families, who as their family size changes, from selling their home and purchasing a larger one. I believe that capital gains taxes that would be deferred if the home owner buys a larger home would act as a deterrent against profit making. I suggest that the twenty-five years period be reduced to ten years.

Again I thank you and the members of the legislature for passing this bill and I urge you to consider my recommendations.

Sincerely,

*Joseph F. Ada*  
JOSEPH F. ADA  
Governor

201299

Attachment




Commonwealth Now!


TWENTIETH GUAM LEGISLATURE  
1990 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

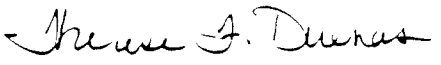
This is to certify that Substitute Bill No. 44 (LS), "AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER CERTAIN PROPERTY IN DEDEDO TO THE GUAM HOUSING CORPORATION TO DEVELOP AFFORDABLE HOUSING FOR SALE TO FIRST TIME HOMEOWNERS," was on the 19th day of December, 1990, duly and regularly passed.

  
\_\_\_\_\_  
JOE T. SAN AGUSTIN  
Speaker

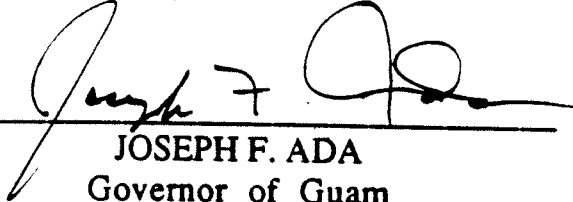
Attested:

  
\_\_\_\_\_  
PILAR C. LUJAN  
Senator and Legislative Secretary

-----  
This Act was received by the Governor this 31st day of December,  
1990, at 11:05 o'clock A.m.

  
\_\_\_\_\_  
Assistant Staff Officer  
Governor's Office

APPROVED:

  
\_\_\_\_\_  
JOSEPH F. ADA  
Governor of Guam

Date: JAN 11 1991

Public Law No. 20-225

TWENTIETH GUAM LEGISLATURE  
1989 (FIRST) Regular Session

Bill No. 44  
Substituted by the Committee on  
Housing and Community Development  
and as further substituted by the  
Committee on Rules.

Introduced by:

P. C. Lujan  
T. S. Nelson  
~~L. T. San Agustin~~  
G. Mailloux  
J. P. Aguon  
E. P. Arriola  
J. G. Bamba  
M. Z. Bordallo  
D. F. Brooks  
H. D. Dierking  
E. R. Duenas  
E. M. Espaldon  
C. T. C. Gutierrez  
M. D. A. Manibusan  
D. Parkinson  
F. J. A. Quitugua  
E. D. Reyes  
M. C. Ruth  
F. R. Santos  
T. V. C. Tanaka  
A. R. Unpingco

AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO  
TRANSFER CERTAIN PROPERTY IN DEDEDO TO THE  
GUAM HOUSING CORPORATION TO DEVELOP  
AFFORDABLE HOUSING FOR SALE TO FIRST TIME  
HOMEOWNERS.

1           BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:  
2           Section 1. Legislative findings. The Legislature finds that there is a  
3 critical shortage of affordable housing on Guam and further finds that

1 significant savings can also be realized if the government of Guam uses its  
2 negotiating leverage to build housing units at less than market prices on  
3 government land for sale to low and middle income families. The  
4 Legislature further finds that it is nearly impossible for most low or  
5 middle income families on Guam to purchase homes at market prices.

6 Section 2. Authorization. The Governor of Guam is authorized to  
7 transfer Lot No. 10120-14, consisting of eight (8) acres, and Lot No. 10120-  
8 16, consisting of thirty-eight (38) acres, both of Dededo, to the Guam  
9 Housing Corporation (the "Corporation") to develop affordable housing  
10 units for sale to first time homeowners who are U. S. citizens or permanent  
11 resident aliens and who have been domiciled in Guam for a five (5)  
12 consecutive year period immediately preceding the date of sale of the unit.

13 Section 3. Registration. The conveyance of said lots shall take effect  
14 upon completion of the land registration of Basic Lot No. 10120 by the  
15 government of Guam.

16 Section 4. Definition of first time homeowners. "First time  
17 homeowners" are defined as families (married persons or single persons  
18 with dependents) who have not had any ownership interest in residential  
19 real property within the three (3) year period immediately preceding the  
20 date of sale of a unit developed under this Act. Divorced persons or  
21 individuals having an ownership interest in the property of the parents do  
22 qualify as first time homeowners; provided, that any interest in residential  
23 real property is terminated prior to the purchase of a unit developed  
24 under this Act.

25 Section 5. Allocation. The units shall be allocated to families on the  
26 following basis: Thirty percent (30%) to families whose incomes are up to  
27 one hundred percent (100%) of the median income for Guam established  
28 by the U. S. Department of Housing and Urban Development ("HUD"); fifty  
29 percent (50%) to families whose incomes are between one hundred percent  
30 (100%) and one hundred thirty percent (130%) of such HUD-established  
31 median income; and twenty percent (20%) to families whose incomes are  
32 between one hundred thirty (130%) and one hundred fifty percent (150%)  
33 of such HUD-established median income. The homes may be sold to  
34 families in the next lower or higher category in the event that there are  
35 insufficient qualified applicants in a given class.

1           Section 6. Prices. The units shall be sold at cost plus two percent  
2 (2%), and Three Dollars (\$3) per square meter for the house lot, and for a  
3 first time owner, no down payment shall be required. Costs shall include  
4 but are not limited to all costs associated with the design, on-site  
5 infrastructure, construction, financing, sale and project management of the  
6 development. The two percent (2%) in excess of the costs shall be retained  
7 by the Corporation for the payment of expenses it will incur during the  
8 construction and monitoring of the project. The cost of off-site  
9 infrastructure and off-site access roads shall be the responsibility of the  
10 government of Guam. On-site infrastructure is defined as all infrastructure  
11 improvements inside the lots described in Section 2 of this Act. The  
12 proceeds from the sale of the lots shall be retained by the Corporation. Of  
13 these proceeds, Two Hundred Thousand Dollars (\$200,000) shall be used to  
14 prepare a comprehensive housing study on homeownership for Guam and  
15 the balance shall be used for costs associated with future affordable  
16 housing projects. The Corporation shall establish a fund for the proceeds of  
17 the land sales that is separate from its other accounts and shall report to  
18 the Legislature each year on the status of this fund.

19           Section 7. Equity to Corporation. The equity between the selling  
20 price of each unit and the initial appraised value of each unit at the time of  
21 sale shall remain the property of the Corporation for a period of not less  
22 than twenty-five (25) years following the sale of the property. The  
23 Corporation shall be given the right of first refusal on all homes sold by the  
24 initial owners and subsequent owners who purchase a home constructed  
25 under this Act from the Corporation in the event the homes are sold within  
26 twenty-five (25) years of the date of purchase. The right of first refusal  
27 price on sale of the home shall be the original selling price plus any equity  
28 beyond the initial appraisal not to exceed five percent (5%) per year. In  
29 the event the homes are purchased by the Corporation, they shall be sold  
30 at cost to first time homeowners who shall be subject to the equity sharing  
31 provisions of this section. The owners shall not mortgage or attach or  
32 cause to attach any liens for equity which is not considered to be theirs  
33 under this section. Homes purchased under the Corporation's right of first  
34 refusal shall be sold at cost plus ten percent (10%). The Corporation shall  
35 share in the equity on all homes sold that were acquired by the right of

6

TWENTIETH GUAM LEGISLATURE  
1990 (SECOND) Regular Session

ROLL CALL SHEET

Bill No. 44

Date: 12/19/90

Resolution No. \_\_\_\_\_

QUESTION: \_\_\_\_\_

	AYE	NAY	NOT VOTING	ABSENT
J. P. Aguon	✓			
E. P. Arriola				✓
J. G. Bamba	✓			
M. Z. Bordallo	✓			
D. F. Brooks	✓			
H. D. Dierking	✓			
E. R. Duenas				✓
E. M. Espaldon	✓			
C. T. C. Gutierrez	✓			
P. C. Lujan	✓			
G. Mailloux	✓			
M. D. A. Manibusan				✓
T. S. Nelson	✓			
D. Parkinson	✓			
F. J. A. Quitugua	✓			
E. D. Reyes	✓			
M. C. Ruth	✓			
J. T. San Agustin	✓			
F. R. Santos	✓			
T. V. C. Tanaka	✓			
A. R. Unpingco	✓			

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# SENATOR GORDON MAILLOUX

CHAIRMAN, COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT  
TWENTIETH GUAM LEGISLATURE

October 17, 1990

Vice-Chairman on  
the committee on  
Health, Welfare and  
Ecology

Member of the  
Committees on:

- Tourism, Transportation and Communications

- General Governmental Operation

- Economic Development

- Justice, Judiciary & Criminal Justice

- Energy, Utilities and Consumer Protection

- Youth, Human Resources, Senior Citizen & Cultural Affairs

Ethics

Honorable Joe T. San Agustin  
Speaker, Twentieth Guam Legislature  
155 Hessler St.  
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Housing and Community Development received Bill No. 44, "AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER LOT NO. 10120-14 AND LOT NO. 10120-16, DEDEDO, FOR THE DEVELOPMENT OF AFFORDABLE HOUSING UNITS FOR SALE TO FIRST TIME HOMEOWNERS" in referral back to the Committee.

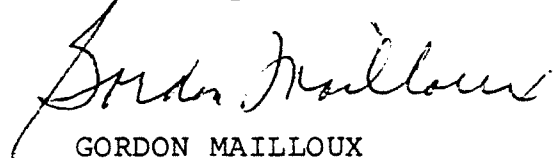
The Committee on Housing and Community Development hereby recommends Bill No. 44, as Substituted, to Pass by the Twentieth Guam Legislature.

The Committee votes are as follows:

To Do Pass	8
To Not Pass	0
To Report Out Only	0
To Place in Inactive File	0
Not Available for Voting	3

A copy of the Committee Report and other pertinent documents are enclosed for your perusal.

Sincerely,



GORDON MAILLOUX

Enclosures  
GM/pjb

COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

VOTE SHEET-BILL NO.44, SUBSTITUTED

"AN ACT AUTHORIZING THE GOVERNOR  
OF GUAM TO TRANSFER LOT NO. 10120-14 AND LOT NO. 10120-16,  
DEDEDO, FOR THE DEVELOPMENT OF AFFORDABLE HOUSING  
UNITS FOR SALE TO FIRST TIME HOMEOWNERS"

<u>MEMBERS</u>	<u>TO DO PASS</u>	<u>TO NOT PASS</u>	<u>REPORT OUT ONLY</u>	<u>INACTIVE</u>
<u><i>G. Mailloux</i></u> GORDON MAILLOUX Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>Madeleine Z. Bordallo</i></u> MADELEINE Z. BORDALLO Vice-Chairperson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>John P. Aguan</i></u> JOHN P. AGUON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>E. Arriola</i></u> ELIZABETH P. ARRIOLA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>P. Lujan</i></u> PILAR C. LUJAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>Ted S. Nelson</i></u> TED S. NELSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>Don Parkinson</i></u> DON PARKINSON	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>E. Reyes</i></u> EDWARD R. REYES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>Francisco R. Santos</i></u> FRANCISCO R. SANTOS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>J. George Bamba</i></u> J. GEORGE BAMBA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u><i>Marilyn D.A. Manibusan</i></u> MARILYN D.A. MANIBUSAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

PUBLIC HEARING MINUTES ON BILL NO. 44

"AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER  
TO GUAM HOUSING CORPORATION A PORTION OF LOT NO. 10120,  
DEDEDO, FOR A MULTI-FAMILY HOUSING PROJECT"

Date: February 23, 1989  
Time: 9:00 A.M.  
Place: Legislative Session Hall

Members Present: Chairperson Senator Gordon Mailloux; Vice-Chairpers  
Senator Madeleine Z. Bordallo; Members Senators John P. Aguon, Eddie  
Reyes, and Elizabeth P. Arriola.

Witness Present: Mr. Peter J. Leon Guerrero, President, Guam Housi  
Corporation (GHC).

SUMMARY OF TESTIMONIES

The President of GHC testified in support of and to amend Bill NO. 44.

Mr. Leon Guerrero requested to amend the Bill to reflect the exact L  
Number to be transferred to GHC, from "portion of Lot No. 10120" to "L  
No. 10120-14." Also to be amended is the number of acres, from ten  
eight. Lot No. 10120-14 has only eight acres.

Mr. Leon Guerrero offered that the content of Bill 44 was fir  
entertained at a public hearing during the Nineteenth Guam Legislatur  
The Corporation had no objection at the time, but noted that the propos  
multi-family housing project for said Lot is on hold until assessment  
some important considerations are addressed by his department.

Since then, they have carefully studied both the proposal and the overa  
existing housing situation and now are prepared to move forward. I  
requested for the expeditious authorization of the transfer. Transfer  
Lot No. 10120-14 to GHC will ensure affordable housing for 72 familie  
with the potential for 100 more with project expansion.

Answers to questions raised by the Committee Members:

1. The property is situated in Dededo at West Lada Avenue, towards th  
end of Lada Gardens.
2. If single family homes were to be built on the eight acres, it woul  
be far fewer than the 72 dwellings that could otherwise be built b  
using a condominium or apartment type concept.
3. Funding sources could perhaps come from local financial institutions
4. A feasibility study conducted in 1986 is the basis used for th  
existing multi-family project proposal. The assessment showed tha  
there is a critical need for affordable rental and ownership housin

for low and middle income families. The Guam Housing and Urban Renewal Authority and other housing agencies have been contacted by GHC to eliminate duplication of this proposal.

5. Although the Bill did not specify whether the units would be for sale or rent, GHC would like the flexibility of determining the best use of the multi-family units.
6. The qualifying criteria to be used for the proposed units would be determined by income and need. The Adjudication Act has established the guidelines for qualifications.

ENTERED FOR THE RECORD ARE DOCUMENTS RECEIVED BY THE COMMITTEE FROM GUAM HOUSING CORPORATION (DATED 12/20/89), AND THE DEPARTMENT OF LAND MANAGEMENT (DLM) (DATED 11/12/89).

GHC - Letter from Mr. Leon Guerrero requesting to amend the Bill and include Lot No. 10120-16, consisting of 38 acres, for the development of affordable housing units to be sold to the residents. Subsequent to the public hearing on Bill No. 44, GHC has determined that additional acreage adjacent to Lot 10120-14 is available and suitable for a housing development. The Corporation is anxious to alleviate what they consider a critical shortage of affordable homes on Guam, and the properties are needed to be secured before they can proceed with their projects.

It is further requested that the language of the bill be amended to provide a mechanism for transfer of the property upon completion of the court proceedings. The entire Basic Lot No. 10120 is still unregistered government property, and is pending court proceedings to grand legal title to GovGuam.

Document from GHC, outlining its Housing Development Plan for the 46-acre GovGuam property.

DLM - The Department of Land Management fully supports the conveyance of title to both of the subject lots to GHC for housing development. Lots 10120-14 and 10120-16, Dededo, amounts to forty-six (46) acres.

The Department suggested to delay the conveyance until the Court adjudged that Lot No. 10120 is the property in Fee Simple of GovGuam. It is noted, however, that DLM has requested the Office of the Attorney General to pursue the Land Registration Proceeding in Court for said basic lot.

#### FINDINGS/RECOMMENDATIONS

Bill No. 44, requesting to transfer portions of Lot No. 10120, Dededo, to GHC to build a multi-family housing project, is a result of a feasibility study in 1986 by GHC. The assessment indicated that there is a critical need for affordable rental and ownership housing for low and moderate income families.

The eight acres will be used to build a 75-unit condominium type dwellings. The thirty-eight acres will be used to develop an entire community consisting of town houses, single family units, and recreational

facilities. These developments are targeted to be rented or sold to landless moderate to middle income families. The qualifying criteria to be used for the proposed units would be determined by income and need, based on the established guidelines and qualifications set for the by the Adjudication Act.

Bill No. 44 is without a fiscal impact report because the Bill proposes to transfer government land from one agency to another. No funding will be needed to make the transfer.

Guam Housing Corporation, in conjunction with the the maker of the Bill, and the Committee, has submitted a Substitute Bill, which includes all the legal wording and necessary administrative information, to make implementing the Bill a smooth and expeditious process.

Therefore, the Committee on Housing and Community Development recommends To Pass Bill No. 44, as Substituted, by the Twentieth Guam Legislature.

**ATTACHMENTS:**

1. BILL NO. 44, AS SUBSTITUTED BY THE COMMITTEE.
2. BILL. 44, AS REFERRED TO THE COMMITTEE.
3. TESTIMONY OF THE PRESIDENT OF GHC, PETER LEON GUERRERO.
4. DLM MEMO TO GHC, DATED NOVEMBER 21, 1989.
5. GHC LETTER TO SEN. MAILLOUX, DATED DECEMBER 20, 1989.
6. "GHC DEVELOPMENT PLAN" DATED 12/26/89.
7. MAP OF AREA.
8. REPORT OF BILL NO. 46, 19TH GUAM LEGISLATURE, HCD COMM.
9. FISCAL NOTE FROM BUREAU OF BUDGET AND MANAGEMENT (BILL 46)
10. ATTENDANCE SHEET.

TWENTIETH GUAM LEGISLATURE  
1990 (SECOND) Regular Session

BILL NO. 44

Substituted by the  
Housing and

JUAN  
NELSON

AN ACT AUTHORIZING THE GOVERNOR  
OF GUAM TO TRANSFER LOT NO.  
10120-14 AND LOT NO. 10120-16,  
DEDEDO, FOR THE DEVELOPMENT OF  
AFFORDABLE HOUSING UNITS FOR  
SALE TO FIRST TIME HOMEOWNERS.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Legislative Findings. The Legislature finds that there is a critical shortage of affordable housing on Guam and further finds that significant savings can also be realized if the government uses its negotiating leverage to build housing units at less than market prices on government land for sale to low and middle income families.

The legislature further finds that it is nearly impossible for most low or middle income families on Guam to purchase homes at market prices.

Section 2. The Governor of Guam is authorized to transfer portions of Basic Lot NO. 10120, Dededo, more specifically described as Lot NO. 10120-14, consisting of eight (8) acres, and Lot NO. 10120-16, consisting of thirty-eight (38) acres, to the Guam Housing Corporation for the development of affordable housing units for sale to first time homeowners who are U.S. Citizens or permanent

1 resident aliens and have been residents of the  
2 five (5) year period immediately preceding the date  
3 of the unit.

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of said lots shall take  
effect upon completion of land registration of Basic Lot  
NO. 10113, Dedede to the Government of Guam.

Section 4. First time homeowners are defined as  
families, married persons or single persons with  
dependents, who have not had any ownership interest in  
residential real property within the three year period  
immediately preceding the date of sale of a unit developed  
under this act. Divorced persons or individuals having  
ownership interest in the property of the parents do  
qualify as first time homeowners provided that any interest  
in residential real property is terminated prior to the  
purchase of a unit developed under this Act.

Section 5. The units shall be allocated to families on  
the following basis: twenty-five percent (25%) to families  
whose incomes are between eighty percent (80%) and  
one-hundred percent (100%) of the HUD established median  
income for Guam; fifty (50%) to families whose incomes are  
between one-hundred percent (100%) and one-hundred-thirty  
(130%) of the HUD established median income for Guam; and  
twenty-five percent (25%) to families whose incomes are  
between one-hundred-thirty (130%) and one-hundred-fifty

1 (150%) of the HUD established median income for the Territory.  
2 homes may be sold to families with income less than 150% of the  
3 median income in the event of a change in the HUD established  
4 median income.

5 The lots described in section 2 shall be sold at cost plus two  
6 percent (2%) and three dollars (\$3.00) per square meter for  
7 the lot. Costs shall include but not limited to all costs  
8 associated with the design, on-site infrastructure,  
9 construction, financing, sale and project management of the  
10 development. The two percent (2%) in excess of the costs  
11 shall be retained by the Guam Housing Corporation for the  
12 payment of expenses incurred during the construction  
13 and monitoring of the project. The cost of off-site  
14 infrastructure and off-site access roads shall be the  
15 responsibility of the Government of Guam. On-site  
16 infrastructure is defined as all infrastructure  
17 improvements inside of the lots described in section 2 of  
18 this Act.

19 The proceeds from the sale of the lots shall be  
20 retained by Guam Housing Corporation. Of these proceeds  
21 the sum of Two-Hundred Thousand Dollars (\$200,000.00) shall  
22 be used for the engagement of a comprehensive housing study  
23 on homeownership for the Territory and the balance shall be  
24 used for costs associated with future affordable housing  
25 projects. The Guam Housing Corporation shall establish a  
26 fund for the proceeds of the

1 land sales that is separate from its other  
2 shall report back to the board  
3 status of the project.

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7 the time of sale shall remain the property of the Guam  
8 Housing Corporation for a period of not less than ten (10)  
9 years following the sale of the property. Guam Housing  
10 Corporation shall be given the right of first refusal in  
11 all homes sold by the initial owners and subsequent owners  
12 who purchased a home constructed under this act from GHC in  
13 the event the homes are sold within ten (10) years of the  
14 date of purchase. The right of first refusal price on sale  
15 of the home shall be the original selling price plus any  
16 equity beyond the initial appraisal not to exceed five  
17 percent (5%) per. year. In the event the homes are  
18 purchased by GHC, they shall be sold at cost to first time  
19 home owners who shall be subject to the equity sharing  
20 provisions of this section. The owners shall not mortgage  
21 or attach or cause to attach any liens for equity which is  
22 not considered to be theirs under this section. Homes  
23 purchased under GHC's right of first refusal shall be sold  
24 at cost plus ten percent (10%). The corporation shall  
25 share in the equity on all homes sold that were acquired by  
26 the right of first refusal for a period of ten years  
27 following the date of sale by the same formula that applied  
28

1 to the original home owner under this section.

2

3 Section 8. In the event

4 given the amount of the loan, the amount of the loan shall be the amount of the loan plus the amount of interest, fees, penalties, collection fees and other associated costs.

5 Section 9. No person with an authorized land use permit shall be displaced from the government of Guam land transferred above without receiving compensation representing the fair market value of any improvement constructed, loss of crops and reasonable relocation assistance by the Guam Housing Corporation.

15

16 Section 10. The homeowner may without consideration transfer by means of a gift, the home purchased under this Act to any member of the homeowner's immediate family. For purposes of this Act, immediate family is defined as the homeowner's spouse, parents, and children by birth or by legal adoption. In cases of authorized family transfers, the same restrictions that applied to the previous homeowner apply to the new homeowner.

24

25 Section 11. The priority for sale of each affordable housing unit shall be established by a lottery system the lottery system shall be conducted by the Guam Housing Corporation. Guam Housing Corporation shall develop Rules

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1 and Regulations to govern this project under the provisions  
2 of the Administrative Adjudication Act and  
3 with this Act and app

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9 Section 13. Families who purchase a home under this  
10 Act are not eligible for Government of Guam mortgage  
11 subsidy programs.

## LADA ESTATES HOUSING PROJECT

### DEFINITIONS:

The project is designed to provide a quality housing opportunity to qualified lower income families in accordance with HUD's guidelines.

**TARGET GROUP:** The target group for the purpose of this project is defined as the lower gap group; 80% to 150% of the Median Income.

**MEDIAN INCOME:** It is the HUD established median income for a family of four for the Territory of Guam. The Median Income for 1989 was \$30,100.

The LADA ESTATES HOUSING PROJECT, is a cooperative effort between the Guam Housing Corporation and the Guam Economic Development Authority, who have entered into an agreement with the Miyama Hills Development company to build single family dwellings on government owned property.

**SCOPE:** The project incorporates the development of a planned community consisting of approximately 200 to 250 single family units for sale to lower Gap Group families. The proposed housing project is to be situated on Lot Nos 10120-14 and 10120-16; a total of 46 acres in the Municipality of Dededo for the construction, development, marketing and sale of approximately 200 to 250 single family homes and/or Townhouses.

**CONSTRUCTION:** Guam Housing Corporation in conjunction with the Guam Economic Development authority will enter into an agreement with Miyama Hill Development company to build typhoon resistant homes. The Developer will be responsible for the preparation and submittal of drawings and specifications in accordance with the established requirements. The cost of on-site infrastructure improvements shall be deemed the responsibility of the Developer. The infrastructure requirements shall include but not be limited to roads, curbs, sidewalks, sewer, water, pavement of easements, paved access roads, erection of street lights within the project boundaries and other associated costs. The Developer is also responsible for cutting, filling, grading each lot, and

conducting related geotechnical analysis. The cost of infrastructure shall be the responsibility of the developer of the project on Guam. The developer will be obligated to comply with the rules and regulations set by the Guam Housing Corporation and the Guam Housing and Finance Authority and ordinances. A warrant of attorney relating to structural integrity shall be provided.

**GOVERNMENT OBLIGATIONS AND RESPONSIBILITIES:** The Government shall provide and construct necessary off-site infrastructure improvements and build access roads and conduct an Environmental Impact Study as agreed to by contract. The Government will be responsible for conducting periodic inspections for the purpose of verification, structural integrity and good workmanship.

**TYPE OF UNIT/PRICE:** The approximate target sale price for each affordable house type, excluding the cost of land is as follows:

1)	2 Bedrooms, 2 Bathrooms-----	1000 sq.ft.-----	\$60,000 -
			\$70,000
2)	2 Bedrooms, 2 Bathrooms-----	1100 sq.ft.-----	\$75,000 -
			\$80,000
3)	2 Bedrooms, 2 Bathrooms-----	1200 sq.ft.-----	\$90,000 -
			\$100,000

Prices may vary depending on any increases or decreases in the cost of construction.

**SALE/SELECTION/ELIGIBILITY:** A criteria determining the eligibility of buyers is established. The lottery system institutes a priority list assigning eligible buyers a numerical ranking. Information to the buyers is disbursed in a timely manner.

Eligible applicants are First time homeowners who are U.S. citizens or permanent resident aliens who have been residents of Guam for the five year period immediately preceding the sale of the home and whose incomes are between eighty percent (80%) and one hundred fifty percent (150%) of the median income. First time homeowners are defined as families (married persons or single persons with dependents) who have not had any ownership interest in residential real property within the three year period immediately preceding the date of sale of a unit developed under this act. Divorced persons or individuals having ownership interest in the property of the parents do qualify as first time homeowners provided that any interest in residential real property is terminated prior to the purchase of a unit.

**FINANCING:** Guam Housing Corporation and the Guam Economic Development Authority shall to the extent possible arrange and encourage local mortgage lending institutions to finance homes to be purchased by eligible home buyers. Those eligible home buyers who do not qualify at the local mortgage lending institutions shall be given consideration for a Guam Housing Corporation loan.

**INDEMNITY AND INSURANCE REQUIREMENTS:** The Developer shall indemnify and hold Guam Housing Corporation harmless from all claims ranging from failure to complete, delay, cost overruns, misrepresentation, loss of title, personal injury and accidents, regulatory, and other claims. The maintenance of liability insurance, including but not limited to, general liability insurance, is required. The Developer shall have the right to name a few are also required.

**BOND:** The Developer and its general contractor shall, before commencement of construction, obtain and deposit with Guam Housing Corporation a good and sufficient bond naming the Developer as the Obligee and Guam Housing Corporation as the Obligor.

**EQUAL OPPORTUNITY EMPLOYMENT:** Compliance with the EEO standards are required. Noncompliance with the nondiscrimination clauses may warrant the cancellation, termination or suspension of the agreement. The Developer may request the United States to enter into litigation to protect the interest of the U.S.

**FORCE MAJEURE:** In any delay occurs as a result of unforeseeable causes an extension shall be granted upon submission of a written application stating in detail the cause and effect on the performance of the contract.

**ARBITRATION/DEFAULT:** If the Developer fails to observe or perform faithfully to the terms of the agreement then Guam Housing Corporation may request that the Guam Economic Development Authority terminate the Developer's qualifying certificate.

**NONASSIGNABLE BY DEVELOPER:** The Developer shall coordinate with Guam Housing Corporation and the Guam Economic Development Authority the selection of contractual, engineering and design services necessary in carrying out construction responsibilities. The Developer shall not assign, convey, nor encumber this property.

## TARGET GROUPS

(Based on a 1989 HUD Established  
Median Income of \$30,100  
for Family of Four

<u>PERCENTAGE OF AREA MEDIAN INCOME</u>	<u>INCOME RANGE</u>
Less than 80%	\$24,080
80% - 100%	\$24,080 - \$ 30,100
100% - 150%	\$30,100 - \$45,150
More than 150%	More than \$45,150

The Governor's Housing Program is a comprehensive package that will provide housing for all of Guam's residents. However, emphasis is on affordable housing which targets those families earning 150% and below of the area's median income (as established by the U.S. Department of Housing and Urban Development). Thus, families with earnings of less than 150% of the area median income will be targeted under the program.

AFFORDABLE HOME PRICE:  
BASED ON INCOME  
PLAN

	<u>AFFORDABLE HOME PRICES</u>	
	<u>9.5%</u> <u>Interest</u>	<u>10.5%</u> <u>Interest</u>
Less than 80%	\$58,930	\$54,575
80% - 120%	\$58,930 \$74,125	\$54,575- \$68,650
120% - 150%	\$74,125 \$112,100	\$68,650 \$103,800
More than 150%	\$112,100+	\$103,800-

As illustrated on the previous page, a family's income and the prevailing home mortgage interest rate play a major role in what that family can afford to purchase. For example, at an interest rate of 9.5%, a family earning 80% of the median income can afford to buy a \$58,930 home. However, at an interest rate of 10.5% that same family can only afford to buy a home priced at \$54,575. These estimates of affordable home prices are based on the following assumptions:

1. Purchase is Limited to Construction Costs
1. 0 down payment; the land is considered to be the down payment
2. A 30-year, fixed rate mortgage loan
3. Annual insurance payments are 1.01% of Loan amount payable in monthly installments.
4. Monthly Trust Fund payments are \$16.67
5. Qualifying ratio. That is, the housing expense should not exceed 28% of the family's income.

AFFORDABLE HOME PRICES  
 BASED ON INCOME  
 GUAM

(Assuming Guam Housing Loan Program) (1967)

PERCENT OF MEDIAN INCOME	AFFORDABLE HOME PRICES	
	11.25% Interest	6.0% Interest
Less than 80%	\$61,170	\$94,425
80% - 120%	\$61,170- \$76,850	\$94,425- \$118,625
120% - 150%	\$76,850- \$116,050	\$118,625 \$179,150
More than 150%	\$116,050+	\$179,150+

As illustrated on the previous page, a family's income and the prevailing home mortgage interest rate play a major role in what that family can afford to purchase. For example, at an interest rate of 6.0%, a family earning 80% of the median income can afford to buy a \$94,425 home. However, at an interest rate of 11.25% that same family can only afford to buy a home priced at \$61,170. These estimates of affordable home prices are based on the following assumptions:

1. Purchase is Limited to Construction Costs
1. 0 down payment; the land is considered to be the down payment
2. A 30-year, fixed rate mortgage loan
3. Annual insurance payments are 1.01% of Loan amount payable in monthly installments.
4. Monthly Trust Fund payments are \$16.67
5. Qualifying ratio. That is, the housing expense should not exceed 33% of the family's income.

AFFORDABLE HOUSING TARGETS

TYPICAL RESALE PRICE OF A SINGLE FAMILY HOME IN GUAM 1989

Approximate median priced single family home:

FAMILY OF 4 EARNING \$107,475/YEAR  
(357% OF THE MEDIAN INCOME)

Based on:

1. A 5% down payment
2. A 30-year, fixed rate mortgage loan
3. Annual insurance payments are 1.01% of loan amount payable in monthly installments.
4. Monthly Trust Fund payments are \$16.67
5. Qualifying ratio. That is, the housing expense should not exceed 28% of the family's income.

As can be seen in Chart above, a family earning almost 2 times Guam's median income could afford to purchase the median priced single family home in 1989. The targeted families, those earning below 140% of median, are priced out of the market.

Source: Average of Typical Home Sales  
Guam Business News; May 1990



COST OF FINANCING

SCENARIO I: CONTRACTOR SECURES PRIVATE FINANCING COLLATERALIZED BY A TCD PLACED IN ESCROW BY DEVELOPER (MAY 1978)

ASSUMPTIONS:

COST OF FINANCING: 12%  
 MONTHLY FUNDING: \$100,000

PERIOD: 6 MONTHS

APPROXIMATE COST: \$1,500,000.00

MONTHLY FUNDING: \$250,000.00

PERIOD	INCREMENT	INTEREST
1	\$250,000.00	\$2,500.00
2	\$250,000.00	\$3,750.00
3	\$250,000.00	\$5,000.00
4	\$250,000.00	\$6,250.00
5	\$250,000.00	\$7,500.00
6	\$250,000.00	\$8,750.00

TOTAL INTEREST COSTS: \$52,500.00  
 COST PER UNIT: \$210.00

PHASE II: HOME CONSTRUCTION (ON AN INDIVIDUAL BASIS)

COMPLETION TIME: 6 MONTHS  
 APPROXIMATE COST: \$67,200.00  
 MONTHLY FUNDING: \$11,200.00

PERIOD	INCREMENT	INTEREST
1	11,200.00	93.33
2	11,200.00	186.67
3	11,200.00	280.00
4	11,200.00	373.33
5	11,200.00	466.67
6	11,200.00	560.00

HOME CONSTRUCTION INTEREST COSTS: \$1,960.00  
 PHASE I INTEREST COSTS: 210.00  
 INT. ON PHASE I DURING CONSTR.: \$300.00

TOTAL INTEREST COST PER UNIT: \$2,470.00

TOTAL PROJECT INTEREST COST: \$617,500.00

GUAM HOUSING CORPORATION  
AFFORDABLE HOUSING DEVELOPMENT  
S.

INDIVIDUAL CONSTRUCTION OF PRIVATE LAND OWNERS

I. PRIVATE LAND OWNER CONTRACTS - HOME CONSTRUCTION

LAND PRICE: \$0.00

EST. LOT SIZE: 335 SQ. METERS

EST. LAND VALUE: \$50,000

HOME SIZE: 1,600 SQ. FT.

FUNDS NEEDED FOR NEW HOME:	APPRAISED VALUE:
LAND: \$0.00	LAND: \$50,000.00
CONSTRUCTION: 88,000.00	DWELLING: 90,000.00
SITE PREP.: 2,000.00	-----
INTERIM FINANCING: 3,700.00 *	VALUE: \$140,000.00
-----	-----
AMOUNT REQUIRED: \$93,700.00	-----
-----	-----

12 MONTHS AT 10.00% APR

OWNER BUILDS HOME THROUGH PROPOSED BILL ON DEVELOPMENT

LAND PRICE: \$0.00

EST. LOT SIZE: 335 SQ. METERS

EST. LAND VALUE: \$50,000

HOME SIZE: 1,600 SQ. FT.

CONSTRUCTION COSTS: \$42.00 PER SQ. FT.

INFRASTRUCTURE AND ROADS: \$7,000.00

FUNDS NEEDED FOR NEW HOME:	APPRAISED VALUE:
LAND: \$2,500.00	LAND: \$50,000.00
CONSTRUCTION: 67,200.00	DWELLING: 90,000.00
INFSTRU. & ROADS: 7,000.00	-----
2% OF CONST. COST: 1,484.00	VALUE: \$140,000.00
-----	-----

MINIMUM REQUIRED: \$78,184.00  
-----

OTHER PROBABLE COSTS:

INTERIM FINANCING: \$3,000.00 6 MONTHS AT 10.00% APR

A & E: 2,000.00 \$500,000 / 250 UNITS

MISCELLANEOUS: 1,000.00

TOTAL OTHER: \$6,000.00  
-----

MAXIMUM COST: \$84,184.00  
-----

LAND PRICE: \$2,500.00

EST. LAND VALUE: \$50,000

HOME SIZE: 1,600 SQ. FT.

CONSTRUCTION COSTS: \$55.00 PER SQ. FT.

SITE PREPARATION: \$2,000-

FUNDS NEEDED FOR NEW HOME:	APPRAISED VALUE:
LAND: \$2,500.00	LAND: \$50,000.00
CONSTRUCTION: 88,000.00	DWELLING: 90,000.00
SITE PREP.: 2,000.00	-----
INTERIM FINANCING: 3,800.00 *	VALUE: \$140,000.00
-----	-----
AMOUNT REQUIRED: \$96,300.00	-----
-----	-----

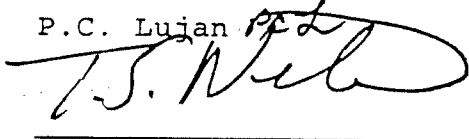
12 MONTHS AT 10.00% APR

NOTE: WITH OPTIONS I & II, THE CUSTOMER WILL PROBABLY BE PAYING RENT OF ABOUT \$700.00 PER MONTH WHILE THE HOME IS BEING BUILT AS WELL AS THE MONTHLY MORTGAGE PAYMENTS.

TWENTIETH GUAM LEGISLATURE  
1989 (FIRST) REGULAR SESSION

BILL NO. 44  
Substituted by Committee on  
Housing and Community Development

Introduced by:

P.C. Lujan 

AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER  
TO GUAM HOUSING CORPORATION LOT NO. 10120-14 AND LOT  
NO. 10120-16, DEDEDO, FOR A MULTI-FAMILY HOUSING PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. The Governor of Guam is authorized to transfer  
3 portions of Basic Lot No. 10120, Dededo, more specifically  
4 described as Lot No. 10120-14, consisting of eight (8) acres,  
5 and Lot No. 10120-16, consisting of 38 acres, to Guam Housing  
6 Corporation for a multi-family housing project.

7 Section 2. The conveyance of said lots shall take effect  
8 upon completion of land registration of Basic Lot No. 10120,  
9 Dededo, to the Government of Guam.

Introduced

JAN 04 '89

TWENTIETH GUAM LEGISLATURE  
1989 (FIRST) Regular Session

Bill No. 44 (COR)

Introduced by:

P. C. Lujan *PC*

*L. S. Nal*

AN ACT AUTHORIZING THE GOVERNOR OF  
GUAM TO TRANSFER TO GUAM HOUSING  
CORPORATION A PORTION OF LOT NO. 10120,  
DEDEDO FOR A MULTI-FAMILY HOUSING  
PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. The Governor of Guam is authorized to transfer  
3 a portion of Lot No. 10120, Dededo, Guam containing an area  
4 of ten (10) acres to Guam Housing Corporation for a multi-family  
5 housing project.

TESTIMONY ON BILL NO. 44 BEFORE THE  
COMMITTEE ON HOUSING & COMMUNITY DEVELOPMENT  
20TH GUAM LEGISLATURE  
The Honorable Gordon Mailloux, Chairman

Submitted by:

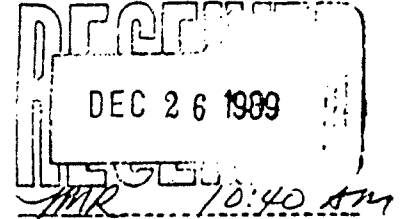
Peter J. Leon Guerrero  
Manager, Guam Housing Corporation  
February 23, 1989

Mr. Chairman, and members of the Committee on Housing & Community Development, I am Peter J. Leon Guerrero, Manager of Guam Housing Corporation, appearing before you today to offer comments on Bill No. 44.

In previous testimony on an identical measure before the Housing Committee of the 19th Legislature, we informed the Committee that we had no objections to the transfer of property as provided for in Bill No. 44 (Bill No. 46 at the time) but that the multi-family housing project for which the property was to be made available was on hold at the time. We delayed implementation of the new multi-family housing proposal in order to assess such considerations as:

1. Whether the project could be self-sufficient;
2. Would the necessary rental rates be affordable to families of low and moderate income
3. The degree of involvement GHC should have in multi-family rental housing in light of increased activity in the private sector housing market and the proposed merger of GHC with GHURA.

GHC HOUSING DEVELOPMENT PLAN



I THE NEED FOR AFFORDABLE HOUSING

- A. Escalating land prices as a result of economic expansion within the last three years has created a critical shortage of affordable home lots.
- B. The average resale value of a home on Guam today is in excess of \$150,000.
- C. Moderate to middle income families have not been able to keep up with escalating housing prices.
- D. The combination of high lot prices and rising construction costs have made it virtually impossible for a landless middle income family to own a home.

II DEVELOPMENT OF GOVERNMENT LAND

- A. Since there is available government land, lots can be made affordable to first time home owners.
- B. The land in the area is only suitable for residential development and not industrial or commercial projects.
- C. The 8 acre lot proposed in Bill #44 is suitable to build a 75 unit condominium. If Guam Housing Corporation can procure the entire 46 acre parcel, then it is possible to develop an entire community consisting of condominiums, town houses, single family units and recreational facilities. Instead of developing only 75 units on the 8 acre parcel, GHC will be able to develop 200-250 units on 46 acres and help make the dream of homeownership a reality for many more Guam residents.
- D. Fixed and variable infrastructure costs per lot can be substantially reduced if the project is done on a larger scale.

III GUAM HOUSING CORPORATION IS IN A POSITION TO FACILITATE  
A DEVELOPMENT OF SUCH MAGNITUDE

A. The Government of Guam has secured a commitment from a developer to build 200 units at cost. GHC would like to take advantage of the offer by acquiring property upon which the developer may build the units.

B. GHC has received encouraging information from developers interested in building affordable housing on government land.

C. GHC has explored numerous creative ideas for financing homes that could be easily implemented if home prices were affordable as a result of utilization of Government land.

IV THE MIDDLE INCOME FAMILIES ARE HARDEST HIT BY THE  
ESCALATING HOME PRICES

A. Low income families have many federal and local programs geared towards their needs that are not available to middle income families.

B. Because of the high housing costs, middle income families are unable to secure financing from conventional lending institutions to purchase a suitable home. They are caught in between those that qualify for assistance programs and the affluent families

V CONCLUSION

Guam Housing Corporation is prepared to deal with the critical shortage of affordable housing on Guam. Since middle income families have different needs, development of condominiums exclusively will not alleviate the problem. There must be more land available to accommodate the needs of as many families as possible. GHC feels that if the 46 acres can be acquired, ground breaking on a unique middle income community can commence within a few months from the date of acquisition.

Since that time we have not seen a decrease in our waiting list for the existing Lada Gardens rental complex despite the increased availability of rental units on the island. The low and moderate income units anticipated as a result of the GEDA housing bond have not materialized. Further, the Administration's proposed merger of GHC with GHURA has yet to be effected. Because of these factors, and others, GHC has decided to pursue optimum use of Lot No. 10120 should it be made available.

Best use of Lot 10120 could be a scaled down version of the original Lada Gardens II proposal so that it would be affordable as rental units to families of low and moderate income. Best use also could be to develop condominium type units for sale to qualified first-time homeowners. The Board of Directors and Management of GHC is currently studying both approaches.

In recent years, we have seen land prices and construction costs escalate at a rate that is alarming, especially to those of us involved in housing for low and moderate income families. This is in large part due to Guam's rapid economic development. It is increasingly important that we find ways to ensure that our residents do not become victims of Guam's overall prosperity. Guam's housing problem is one of affordability. Authorization for the



Page 3

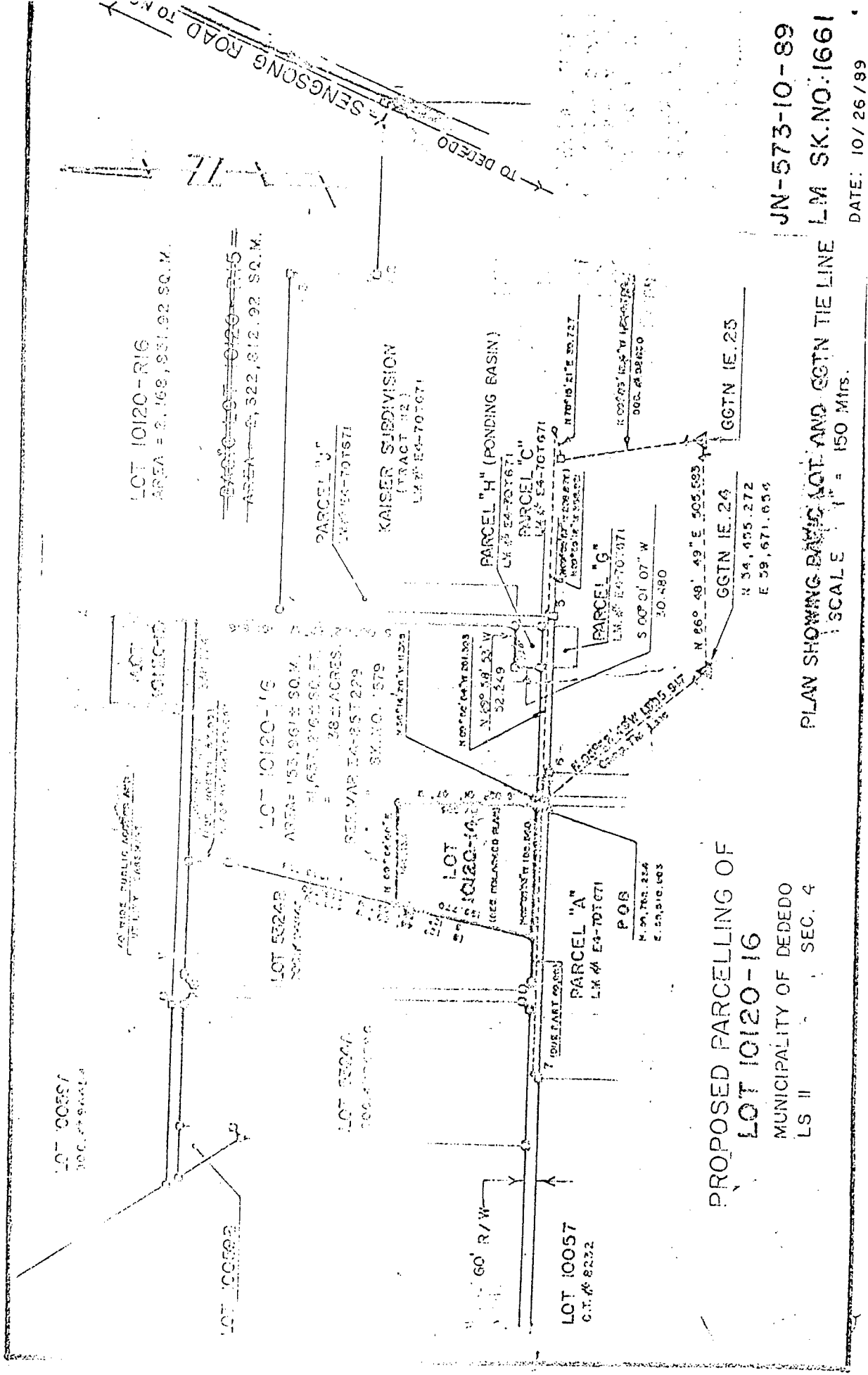
transfer of Lot No. 10120 to Guam Housing Corporation by this Legislature will ensure affordable housing for 72 families with the potential for 100 more with project expansion. As such, we support passage of Bill No. 44.

The only amendment to Bill No. 44 that we suggest is a technical one. The portion of Basic Lot 10120 that is to be transferred is Lot No. 10120-14 containing an area of eight (8) acres, and not ten (10) acres as stated in the bill. Eight acres is sufficient for our needs.

Mr. Chairman, thank you for the opportunity to comment on this measure. Should the Committee have questions or concerns we will respond as best as we can at this time.



PETER J. LEON GUERRERO



LOT 10120-16  
AREA = 3,168,951.92 SQ.M.

LOT 10120-16  
AREA 153,961.80 SQ.M.  
28 ACRES

KAISER SUBDIVISION  
(TRACT #2)  
L.M. #4 E4-70T671

PARCEL "H" (PONDING BASIN)  
L.M. #4 E4-70T671

PARCEL "C"  
L.M. #4 E4-70T671

PARCEL "G"  
L.M. #4 E4-70T671

GGTN (E. 23)

GGTN (E. 24)

N 34,455.272  
E 59,671.654

PROPOSED PARCELLING OF  
LOT 10120-16

MUNICIPALITY OF DEDEDO  
LS II SEC. 4

PLAN SHOWING BASIC LOT AND GGTN TIE LINE  
SCALE 1" = 150 Mfts.

JN-573-10-89  
LM SK.NO:1661  
DATE: 10/26/99



# NINETEENTH GUAM LEGISLATURE

163 Chalan Santo Papa  
P.O. Box CB-1  
Agana, Guam 96910  
Tel: 472-3425/3426/3427

*JLB*  
5/12/88

*Senator*  
*Madeleine Z. Bordallo*

CHAIRPERSON

COMMITTEE ON  
HOUSING & COMMUNITY  
DEVELOPMENT

May 12, 1988

MEMBER:

Committee on Justice,  
Judiciary & Criminal Justice

Committee on Youth,  
Human Resources, Senior  
Citizens & Cultural Affairs

Committee on Ways & Means

Committee on General  
Governmental Operations

Committee on Health,  
Welfare & Ecology

Committee on Energy,  
Utilities & Consumer  
Protection

Committee on Rules

Honorable Franklin J. Quitugua  
Speaker, Nineteenth Guam Legislature  
Post Office Box CB-1  
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Housing and Community Development, to which was referred Bill No. 46, "AN ACT AUTHORIZING THE GOVERNOR TO TRANSFER TO GUAM HOUSING CORPORATION A PORTION OF LOT NO. 10120, DEDEDO, FOR A MULTI-FAMILY HOUSING PROJECT," does recommend that the bill be Passed by the Nineteenth Guam Legislature.

Votes of the Committee members are as follow:

To Pass	<u>8</u>
To Not Pass	<u>0</u>
To Report Out Only	<u>0</u>
To Place in The Inactive File	<u>0</u>
Abstained	<u>0</u>
Off-Island	<u>1</u>
Not Available	<u>0</u>

Respectfully submitted,

*Madeleine Z. Bordallo*  
MADELEINE Z. BORDALLO

Attachments

COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

COMMITTEE REPORT ON BILL NO. 46

"AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER TO  
GUAM HOUSING CORPORATION A PORTION OF LOT NO. 10120,  
FOR A MULTI-FAMILY HOUSING PROJECT"

A Public Hearing on Bill No. 46 was conducted by the Committee on Housing and Community Development on February 17, 1988 at 9:00 a.m. in Legislative Session Hall.

Housing and Community Development Committee Members Present: Chairperson Senator Madeleine Z. Bordallo; Vice Chairperson Pilar C. Lujan; Members Senators Joe T. San Agustin, Martha C. Ruth.

Witnesses Heard: Peter J. Leon Guerrero, Acting President of Guam Housing Corporation.

SUMMARY OF TESTIMONY

GHC Acting President Peter J. Leon Guerrero testified in favor of Bill 46 for future expansion of Lada Gardens.

COMMITTEE FINDINGS/RECOMMENDATIONS

Bill No. 46 would provide Guam Housing Corporation with an area where a multi-family project may be built, with lower per-unit costs than are presently borne by the corporation.

The Committee recommends Bill No. 46 to be Passed by the Nineteenth Guam Legislature.

ATTACHMENTS

1. Committee Voting Sheet on Bill No. 46.
2. Bill No. 46.
3. Testimony on Bills 46 and 393 by the Acting Director, GHC.
4. Attendance Sheet.

COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

VOTING SHEET

BILL NO. 46

"AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER TO GUAM HOUSING CORPORATION A PORTION OF LOT NO. 10120, FOR A MULTI-FAMILY HOUSING PROJECT."

<u>COMMITTEE MEMBER</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>TO REPORT OUT ONLY</u>	<u>TO PLACE IN INACTIVE FILE</u>
<i>Madeleine Z. Bordallo</i> Madeleine Z. Bordallo Chairperson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Pilar C. Lujan</i> Pilar C. Lujan Vice-Chairperson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>E. Arriola</i> Elizabeth P. Arriola Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>H. Diefking</i> Herminia D. Diefking Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Ted S. Nelson</i> Ted S. Nelson Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joe T. San Agustin Member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Ernesto Espaldon</i> Ernesto Espaldon Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Jim Miles</i> Jim Miles Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Martha C. Ruth</i> Martha C. Ruth Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ms 5/3/88

**Introduced**

NINETEENTH GUAM LEGISLATURE  
1987 (FIRST) Regular Session

NOV 15 '87

Bill No. 46

Introduced by:

PILAR C. LIJAN *P. Lujan*  
T. S. Welch

AN ACT AUTHORIZING THE GOVERNOR OF  
GUAM TO TRANSFER TO GUAM HOUSING  
CORPORATION A PORTION OF LOT NO. 10120,  
DEDEDO, FOR A MULTI-FAMILY HOUSING  
PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. The Governor of Guam is authorized to transfer a portion of Lot No.  
3 Dededo, Guam containing an area of ten (10) acres to Guam Housing Corporation for a  
4 multi-family housing project.



# Guam Housing Corporation

P. O. BOX 3457 • Agaña Guam 96910 • Phone No. 472-6359/472-4258/477-8026



TESTIMONY ON BILL NO. 46 AND BILL NO. 393  
BEFORE THE COMMITTEE ON HOUSING AND  
COMMUNITY DEVELOPMENT  
19TH GUAM LEGISLATURE  
THE HONORABLE MADELEINE Z. BORDALLO, CHAIRPERSON

Submitted by:  
Peter J. Leon Guerrero  
Acting President  
Guam Housing Corporation

Madam Chairperson, and members of the Committee on Housing & Community Development, I am Peter J. Leon Guerrero, Acting President of Guam Housing Corporation, appearing before you today to offer comments on Bill No. 46 and Bill No. 393. We find it fitting that both measures should be heard on the same day as one bill proposes to assist in the expansion of our rental program while the other seeks to eliminate it. As passage of either measure would affect the other, my testimony addresses both bills.

Regarding Bill No. 46's intent to transfer to GHC a portion of Lot No. 10120, we have no objections. We must make very clear, however, that the proposed multi-family housing project for which Lot. No. 10120 is to be made available is, for the time being, on hold. We delayed implementation of the Lada Gardens II proposal in order to assess some important considerations. Some such factors are:

1.) Whether the project could be self sufficient; 2.) would the necessary rental rates be affordable to low and moderate income families; 3.) would the project be in direct competition with the private housing rental market.

Our break-even analysis for Lada II suggests that rental rates must be between \$435.00 and \$560.00 per month. This amount is more than double the present average rates for the existing Lada Gardens I complex.

Also, our research into Guam's housing stock indicates a dramatic increase in multi-family building permits since the time when the Lada II feasibility study was undertaken. It appears that from 1985 to 1987 the approximate dollar value of building permits issued is \$62,000,000.00. This upward trend bears close monitoring before proceeding with any new government sponsored or owned housing developments. One clear indicator as to the government's position on this matter would be the Legislature's disposition of Bill No. 393. Should Lada Gardens be sold, the issue of Lada Gardens II would be moot.

The fact that expansion of our housing rental program is on a holding pattern should not be basis for any misconstrual of our position regarding the existing Lada Gardens complex. Our position on Bill No. 393 was communicated to the bill's principal sponsor Senator Ted



Nelson in July, 1987. As our position remains unchanged and in order that you be more fully apprised of such, much of the information transmitted to Senator Nelson is incorporated herein.

The Lada Gardens project was initiated because of the Guam Housing Corporation's concern for providing reasonable rental rates to families who could not afford rates on the private market. For this reason Guam Rental Corporation was created in 1968.

Back in 1969 there were no programs such as the Section 8 subsidy program, and GHURA low rent public housing even then catered primarily to clients within an income range that left many of our island families without sufficient help. These families were in the position of either sharing homes with relatives or paying rental rates that were much higher than they could really afford. These families could not qualify for GHURA programs because of their income levels, which were too high by GHURA standards.

Thus GRC was created to apply for a U.S. Dept. of Housing and Urban Development loan for which Guam Housing Corporation could not qualify. After lengthy analysis and loan approval one hundred and fifteen units were constructed in Dededo. Considering the rental rates in the private market at the time, an average of \$350 per month, the original Lada Gardens rates of \$81, \$97, \$111 for 2, 3, and 4 bedroom homes respectively were a welcome addition to the rental market.

The Lada Gardens philosophy is to provide low cost, adequate, safe housing to families that in many cases would not be able to qualify for any alternate programs. Our program has always catered principally to the lower middle and middle income families on island. Of course, because of certain Federal requirements we also had to allow very low and even some high income families to live in the project so as to maintain a well proportioned client income base. The reasons for this concept is to create an environment whereby the lower income families being surrounded with perhaps better educated, higher income families would have an opportunity to live in an environment more conducive to good citizenship.

Until recently the project has been required to abide by HUD guidelines. Partly due to those requirements rental rates have been kept quite low compared to the private market. Because of the lower rates Lada Gardens has consistently operated at a loss (book) until FY86 when a modest net of \$1,700 was made. Our FY87 operations showed a \$34,000 net profit as of the end of September.

During our appearances before this committee early last year, concern was expressed over GRC's overall financial picture as well as the very low rental rates of \$165, \$189 and \$212 per month for our 2,3 and 4 bedroom units. This concern was not inconsistent with our view that with rising cost of operations, such rates would soon prove inadequate.

Our proposal at the time was to effect a rate structure consistent with what lower middle income families would afford which would also provide for the increase in operational costs. Low income families which qualified for GHURA Low Income Public Housing or Section 8 subsidy would be required to take advantage of these programs upon availability.

This proposal was welcomed by some members of this committee while others expressed disapproval.

The potential exists for projects such as Lada Gardens to continue to enhance the lives of island residents. The need certainly exists for housing for those families who are caught in the middle. These families sometimes earn too much to qualify for the various government administered welfare programs, and yet don't earn quite enough to be in the position to buy their own home, or afford the private market rental rates. These are the people for whom Lada Gardens was built.

## II. Proposed Bill

Section 1 "Notwithstanding any law, rule or regulation to the contrary, the Governor of Guam is hereby authorized to sell government-owned units at Lada Gardens, Dededo."

Comments: This section appears to be written under the assumption that the Lada Gardens rental complex is owned by the Government of Guam. Guam Rental Corporation owns Lada Gardens with Guam Housing Corporation holding the mortgage on the property.

Guam Rental Corporation might best be characterized as a quasi-governmental entity, although it is established under the laws of Guam as a private non-profit organization. The members of the Board of Directors of Guam Housing Corporation also sit on the Board of Guam Rental Corporation.

The only other relationship between GRC and GHC is that Guam Housing acts as a contractual management agent running the day to day operations of the housing project.

"Section 2. The Governor of Guam shall direct the President of the Guam Housing Corporation to effectuate the intent of this Act by offering for sale the government-owned units located at Lada Gardens, Dededo. The Guam Housing Corporation Board of Directors shall established the sale price per unit to:

- (a) the current lessees of the units; and
- (b) other interested persons."

Comments:

The anticipated average sale price per unit at Lada Gardens is approximately \$57,000.00 based upon an appraisal of the units done in August 1987. At present, the average yearly household income of our tenants is \$17,000. Using Guam Housing Corporation's mortgage loan underwriting policy, such an applicant would qualify for a loan in the amount of \$16,000 to \$25,000. Clearly the average Lada Gardens

tenant could not afford mortgage payments, closing cost and the 20% down payment as would be required. For these reasons Guam Rental Corporation would be forced to sell the majority of the units to other interested persons leaving the existing tenants without a place to live.

"Section 3. Receipts from the sale of these units shall be deposited into a special fund to be known as the "Guam Housing Corporation Unit Sale Fund." The custodian of the Fund shall be the President of the Guam Housing Corporation. The Fund balance shall be reported to the Legislature at the beginning of each quarter. The Fund may be expended only upon appropriation by law."

Comments: If the reason for the proposed sale of Lada Gardens is to generate new mortgage lending money, perhaps the language of this section should clearly reflect such intent. Also, legislative appropriation for use of the Fund may seriously hamper Guam Housing Corporation's ability to provide money to our borrowers as needed.

Perhaps a clause requiring that all revenue generated through the sale of Lada Gardens only be used for the purpose of Guam Housing Corporation's mortgage lending program would satisfy the Legislature's intent, should this bill be passed.

One important consideration in deciding the use of the proceeds is the \$1.3 million balance on the Lada Gardens mortgage. As this must be addressed prior to any other expenditure of such funds the net amount available for the Sale Fund would decrease accordingly.

### Conclusion

The reason for the sale of Lada Gardens, as expressed to us by Senator Nelson, is to assist in the reduction of our government's deficit. What is not clear is whether the generated revenue would be applied directly towards the deficit or if GHC would use such funds under our mortgage loan program thereby increasing the real estate tax roll.

Careful consideration must be given to the needs of existing tenants and be weighed against deficit reduction at their expense.

In any event, GHC opposes the sale of Lada Gardens.

Lada Gardens is considered a valuable asset to Guam Housing Corporation, its tenants and the people of Guam. Guam Housing Corporation management would oppose any disposition of this property to generate mortgage lending money other than its use as collateral for a long-term loan.

Given such considerations as the nature of the Lada Gardens clientele, the state of Guam's housing stock and the availability of alternate housing programs, the sale of Lada Gardens would be contrary to Guam Housing Corporation's expressed commitment to providing for the housing needs of Guam's low and moderate income families.

Also, although the feasibility of expanding our number of rental units is still under study, we do not object to the transfer of Lot No. 10120 to GHC for possible future expansion.

Thank you for your kind attention and for the opportunity to express our views. Since we were given only two working days notice for this hearing we are admittedly not as prepared as we would like. However, we will attempt to address what concerns or answer what questions the committee members may have.



PETER U. LEON GUERRERO



MICHAEL J. REIDY  
Director

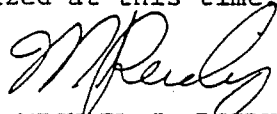
JUN 13 1988

BUREAU OF BUDGET & MANAGEMENT RESEARCH  
OFFICE OF THE GOVERNOR, Post Office Box 2950, Agaña, Guam 96910



The Bureau requests that Bill Nos. 46 be granted a waiver pursuant to Public Law 12-229 for the following reason(s):

The act merely proposes to transfer custody of a Government-owned property to another Government of Guam agency (Guam Housing Corporation). No funding impact will be realized at this time.

  
MICHAEL J. REIDY



DATE: February 17, 1988

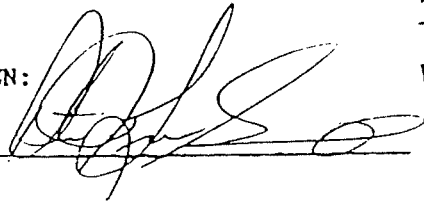
BILL 46: "AN ACT AUTHORIZING THE GOVERNOR OF  
GUAM TO TRANSFER TO GUAM HOUSING CORPORATION A  
PORTION OF LOT NO. 10120, FOR A MULTI-FAMILY  
HOUSING PROJECT."

NAME

PRINT:

Peter J. Leon Guerrero

SIGN:



TESTIMONY

WRITTEN:

✓

ORAL:

AGENCY / INTEREST GROUP

Guam Housing Corp



**SENATOR GORDON MAILLOUX**  
CHAIRMAN, COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT  
TWENTIETH GUAM LEGISLATURE

December 27, 1989

Vice-Chairman on  
the committee on  
Health, Welfare and  
Ecology

Member of the  
Committees on:

- General Govern-  
mental Operation
- Economic Deve-  
lopment
- Justice, Judiciary  
& Criminal Justice
- Energy, Utilities  
and Consumer Pro-  
tection
- Youth, Human  
Resources, Senior  
Citizen & Cultural  
Affairs

Ethics

Honorable Joe T. San Agustin  
Speaker, Twentieth Guam Legislature  
163 Chalan Santo Papa  
Agana, Guam 96910

Dear Mr. Speaker:

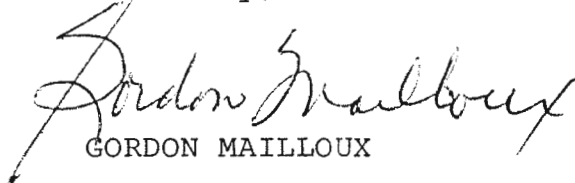
The Committee on Housing and Community Development to which was referred Bill No. 44, "AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER TO GUAM HOUSING CORPORATION LOT NO. 10120-14 AND LOT NO. 10120-16, DEDEDO, FOR A MULTI-FAMILY HOUSING PROJECT," hereby recommends Bill No. 44, as **Substituted**, to Pass by the Twentieth Guam Legislature.

The Committee votes are as follow:

To Do Pass	9
To Not Pass	0
To Report Out Only	0
To Place in Inactive File	0
Not Available for Voting	2

A copy of the Committee Report and other pertinent documents are enclosed for your perusal.

Sincerely,

  
GORDON MAILLOUX

Enclosures

GM/cq

COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

VOTE SHEET

BILL NO. 44, AS SUBSTITUTED

"AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER TO GUAM HOUSING CORPORATION LOT NO. 10120-14 AND LOT NO. 10120-16, DEDEDO, FOR A MULTI-FAMILY HOUSING PROJECT"

<u>COMMITTEE MEMBERS</u>	<u>TO DO PASS</u>	<u>TO NOT PASS</u>	<u>REPORT OUT ONLY</u>	<u>INACTIVE FILE</u>
<u><i>G. Mailloux</i></u> GORDON MAILLOUX Chairman	✓			
<u><i>Madeleine Z. Bordallo</i></u> MADELEINE Z. BORDALLO Vice-Chairperson	✓			
<u><i>John P. Aguon</i></u> JOHN P. AGUON	✓			
<u><i>E. Arriola</i></u> ELIZABETH P. ARRIOLA	✓			
<u><i>P. Lujan</i></u> PILAR C. LUJAN	✓			
<u><i>Ted S. Nelson</i></u> TED S. NELSON	✓			
<u><i>Don Parkinson</i></u> DON PARKINSON				
<u><i>E. D. Reyes</i></u> EDWARD D. REYES	✓			
<u>FRANCISCO R. SANTOS</u>				
<u><i>J. George Bamba</i></u> J. GEORGE BAMBA	✓			
<u>MARILYN D. MANIBUSAN</u>				

COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

PUBLIC HEARING MINUTES ON BILL NO. 44

"AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER  
TO GUAM HOUSING CORPORATION A PORTION OF LOT NO. 10120,  
DEDEDO, FOR A MULTI-FAMILY HOUSING PROJECT"

**Date:** February 23, 1989  
**Time:** 9:00 A.M.  
**Place:** Legislative Session Hall

**Members Present:** Chairperson Senator Gordon Mailloux; Vice-Chairperson Senator Madeleine Z. Bordallo; Members Senators John P. Aguon, Eddie D. Reyes, and Elizabeth P. Arriola.

**Witness Present:** Mr. Peter J. Leon Guerrero, President, Guam Housing Corporation (GHC).

**SUMMARY OF TESTIMONIES**

The President of GHC testified in support of and to amend Bill NO. 44.

Mr. Leon Guerrero requested to amend the Bill to reflect the exact Lot Number to be transferred to GHC, from "portion of Lot No. 10120" to "Lot No. 10120-14." Also to be amended is the number of acres, from ten to eight. Lot No. 10120-14 has only eight acres.

Mr. Leon Guerrero offered that the content of Bill 44 was first entertained at a public hearing during the Nineteenth Guam Legislature. The Corporation had no objection at the time, but noted that the proposed multi-family housing project for said Lot is on hold until assessment of some important considerations are addressed by his department.

Since then, they have carefully studied both the proposal and the overall existing housing situation and now are prepared to move forward. He requested for the expeditious authorization of the transfer. Transfer of Lot No. 10120-14 to GHC will ensure affordable housing for 72 families with the potential for 100 more with project expansion.

**Answers to questions raised by the Committee Members:**

1. The property is situated in Dededo at West Lada Avenue, towards the end of Lada Gardens.
2. If single family homes were to be built on the eight acres, it would be far fewer than the 72 dwellings that could otherwise be built by using a condominium or apartment type concept.
3. Funding sources could perhaps come from local financial institutions.
4. A feasibility study conducted in 1986 is the basis used for the existing multi-family project proposal. The assessment showed that there is a critical need for affordable rental and ownership housing

for low and middle income families. The Guam Housing and Urban Renewal Authority and other housing agencies have been contacted by GHC to eliminate duplication of this proposal.

5. Although the Bill did not specify whether the units would be for sale or rent, GHC would like the flexibility of determining the best use of the multi-family units.
6. The qualifying criteria to be used for the proposed units would be determined by income and need. The Adjudication Act has established the guidelines for qualifications.

**ENTERED FOR THE RECORD ARE DOCUMENTS RECEIVED BY THE COMMITTEE FROM GUAM HOUSING CORPORATION (DATED 12/20/89), AND THE DEPARTMENT OF LAND MANAGEMENT (DLM) (DATED 11/12/89).**

**GHC** - Letter from Mr. Leon Guerrero requesting to amend the Bill and include Lot No. 10120-16, consisting of 38 acres, for the development of affordable housing units to be sold to the residents. Subsequent to the public hearing on Bill No. 44, GHC has determined that additional acreage adjacent to Lot 10120-14 is available and suitable for a housing development. The Corporation is anxious to alleviate what they consider a critical shortage of affordable homes on Guam, and the properties are needed to be secured before they can proceed with their projects.

It is further requested that the language of the bill be amended to provide a mechanism for transfer of the property upon completion of the court proceedings. The entire Basic Lot No. 10120 is still unregistered government property, and is pending court proceedings to grand legal title to GovGuam.

Document from GHC, outlining its Housing Development Plan for the 46-acre GovGuam property.

**DLM** - The Department of Land Management fully supports the conveyance of title to both of the subject lots to GHC for housing development. Lots 10120-14 and 10120-16, Dededo, amounts to forty-six (46) acres.

The Department suggested to delay the conveyance until the Court adjudged that Lot No. 10120 is the property in Fee Simple of GovGuam. It is noted, however, that DLM has requested the Office of the Attorney General to pursue the Land Registration Proceeding in Court for said basic lot.

#### **FINDINGS/RECOMMENDATIONS**

Bill No. 44, requesting to transfer portions of Lot No. 10120, Dededo, to GHC to build a multi-family housing project, is a result of a feasibility study in 1986 by GHC. The assessment indicated that there is a critical need for affordable rental and ownership housing for low and moderate income families.

The eight acres will be used to build a 75-unit condominium type dwellings. The thirty-eight acres will be used to develop an entire community consisting of town houses, single family units, and recreational

facilities. These developments are geared to be rented and sold to land less moderate to middle income families. The qualifying criteria to be used for the proposed units would be determined by income and need, based on the established guidelines and qualifications set forth by the Adjudication Act.

Bill No. 46, which has the exact intent and content as Bill No. 44, was entertained at a public hearing, and recommended to pass by the Committee on Housing and Community Development during the 19th Guam Legislature. Although the Committee does not have a fiscal impact report on Bill No. 44, it is noted that there exists a fiscal report from the Bureau of Budget and Management Research (BBMR) on Bill No. 46. The Bureau granted a waiver pursuant to Public Law 12-229 because the act merely proposes to transfer custody of a government-owned property to another GovGuam agency. No funding will be realized at this time.

Based on the information provided, the Committee on Housing and Community Development, to which was referred Bill No. 44, recommends the Bill, as Substituted, to pass by the Twentieth Guam Legislature.

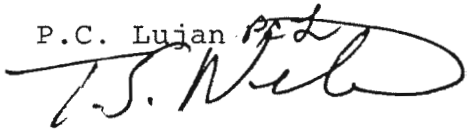
**ATTACHMENTS:**

1. BILL NO. 44, AS SUBSTITUTED BY THE COMMITTEE.
2. BILL NO. 44, AS REFERRED TO THE COMMITTEE.
3. TESTIMONY OF THE PRESIDENT OF GHC.
4. DLM MEMO TO GHC, DATED NOVEMBER 21, 1989.
5. GHC LETTER TO SENATOR MAILLOUX, DATED DECEMBER 20, 1989.
6. DOCUMENT ENTITLED, "GHC HOUSING DEVELOPMENT PLAN," DATED 12/26/89.
7. MAP OF SUBJECT AREA.
8. REPORT OF THE COMMITTEE ON HOUSING ON BILL NO. 46, DURING THE NINETEENTH GUAM LEGISLATURE.
9. FISCAL NOTE FROM BBMR ON BILL NO. 46.
10. ATTENDANCE SHEET.

TWENTIETH GUAM LEGISLATURE  
1989 (FIRST) REGULAR SESSION

BILL NO. 44  
Substituted by Committee on  
Housing and Community Development

Introduced by:

P.C. Lujan 

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AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER  
TO GUAM HOUSING CORPORATION LOT NO. 10120-14 AND LOT  
NO. 10120-16, DEDEDO, FOR A MULTI-FAMILY HOUSING PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. The Governor of Guam is authorized to transfer  
3 portions of Basic Lot No. 10120, Dededo, more specifically  
4 described as Lot No. 10120-14, consisting of eight (8) acres,  
5 and Lot No. 10120-16, consisting of 38 acres, to Guam Housing  
6 Corporation for a multi-family housing project.

7 Section 2. The conveyance of said lots shall take effect  
8 upon completion of land registration of Basic Lot No. 10120,  
9 Dededo, to the Government of Guam.

Introduced

JAN 04 '89

TWENTIETH GUAM LEGISLATURE  
1989 (FIRST) Regular Session

Bill No. 44 (COR)

Introduced by:

P. C. Lujan *PC*

*T.S. Walsh*

AN ACT AUTHORIZING THE GOVERNOR OF  
GUAM TO TRANSFER TO GUAM HOUSING  
CORPORATION A PORTION OF LOT NO. 10120,  
DEDEDO FOR A MULTI-FAMILY HOUSING  
PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. The Governor of Guam is authorized to transfer  
3 a portion of Lot No. 10120, Dededo, Guam containing an area  
4 of ten (10) acres to Guam Housing Corporation for a multi-family  
5 housing project.



TESTIMONY ON BILL NO. 44 BEFORE THE  
COMMITTEE ON HOUSING & COMMUNITY DEVELOPMENT  
20TH GUAM LEGISLATURE  
The Honorable Gordon Mailloux, Chairman

Submitted by:

Peter J. Leon Guerrero  
Manager, Guam Housing Corporation  
February 23, 1989

Mr. Chairman, and members of the Committee on Housing & Community Development, I am Peter J. Leon Guerrero, Manager of Guam Housing Corporation, appearing before you today to offer comments on Bill No. 44.

In previous testimony on an identical measure before the Housing Committee of the 19th Legislature, we informed the Committee that we had no objections to the transfer of property as provided for in Bill No. 44 (Bill No. 46 at the time) but that the multi-family housing project for which the property was to be made available was on hold at the time. We delayed implementation of the new multi-family housing proposal in order to assess such considerations as:

1. Whether the project could be self-sufficient;
2. Would the necessary rental rates be affordable to families of low and moderate income
3. The degree of involvement GHC should have in multi-family rental housing in light of increased activity in the private sector housing market and the proposed merger of GHC with GHURA.

GHC HOUSING DEVELOPMENT PLAN

DEC 26 1989  
10:40 AM

I THE NEED FOR AFFORDABLE HOUSING

A. Escalating land prices as a result of economic expansion within the last three years has created a critical shortage of affordable home lots.

B. The average resale value of a home on Guam today is in excess of \$150,000.

C. Moderate to middle income families have not been able to keep up with escalating housing prices.

D. The combination of high lot prices and rising construction costs have made it virtually impossible for a landless middle income family to own a home.

II DEVELOPMENT OF GOVERNMENT LAND

A. Since there is available government land, lots can be made affordable to first time home owners.

B. The land in the area is only suitable for residential development and not industrial or commercial projects.

C. The 8 acre lot proposed in Bill #44 is suitable to build a 75 unit condominium. If Guam Housing Corporation can procure the entire 46 acre parcel, then it is possible to develop an entire community consisting of condominiums, town houses, single family units and recreational facilities. Instead of developing only 75 units on the 8 acre parcel, GHC will be able to develop 200-250 units on 46 acres and help make the dream of homeownership a reality for many more Guam residents.

D. Fixed and variable infrastructure costs per lot can be substantially reduced if the project is done on a larger scale.

III GUAM HOUSING CORPORATION IS IN A POSITION TO FACILITATE  
A DEVELOPMENT OF SUCH MAGNITUDE

A. The Government of Guam has secured a commitment from a developer to build 200 units at cost. GHC would like to take advantage of the offer by acquiring property upon which the developer may build the units.

B. GHC has received encouraging information from developers interested in building affordable housing on government land.

C. GHC has explored numerous creative ideas for financing homes that could be easily implemented if home prices were affordable as a result of utilization of Government land.

IV THE MIDDLE INCOME FAMILIES ARE HARDEST HIT BY THE  
ESCALATING HOME PRICES

A. Low income families have many federal and local programs geared towards their needs that are not available to middle income families.

B. Because of the high housing costs, middle income families are unable to secure financing from conventional lending institutions to purchase a suitable home. They are caught in between those that qualify for assistance programs and the affluent families

V CONCLUSION

Guam Housing Corporation is prepared to deal with the critical shortage of affordable housing on Guam. Since middle income families have different needs, development of condominiums exclusively will not alleviate the problem. There must be more land available to accommodate the needs of as many families as possible. GHC feels that if the 46 acres can be acquired, ground breaking on a unique middle income community can commence within a few months from the date of acquisition.

Page 3

transfer of Lot No. 10120 to Guam Housing Corporation by this Legislature will ensure affordable housing for 72 families with the potential for 100 more with project expansion. As such, we support passage of Bill No. 44.

The only amendment to Bill No. 44 that we suggest is a technical one. The portion of Basic Lot 10120 that is to be transferred is Lot No. 10120-14 containing an area of eight (8) acres, and not ten (10) acres as stated in the bill. Eight acres is sufficient for our needs.

Mr. Chairman, thank you for the opportunity to comment on this measure. Should the Committee have questions or concerns we will respond as best as we can at this time.



PETER J. LEON GUERRERO

Page 2

Since that time we have not seen a decrease in our waiting list for the existing Lada Gardens rental complex despite the increased availability of rental units on the island. The low and moderate income units anticipated as a result of the GEDA housing bond have not materialized. Further, the Administration's proposed merger of GHC with GHURA has yet to be effected. Because of these factors, and others, GHC has decided to pursue optimum use of Lot No. 10120 should it be made available.

Best use of Lot 10120 could be a scaled down version of the original Lada Gardens 11 proposal so that it would be affordable as rental units to families of low and moderate income. Best use also could be to develop condominium type units for sale to qualified first-time homeowners. The Board of Directors and management of GHC is currently studying both approaches.

In recent years, we have seen land prices and construction costs escalate at a rate that is alarming, especially to those of us involved in housing for low and moderate income families. This is in large part due to Guam's rapid economic development. It is increasingly important that we find ways to ensure that our residents do not become victims of Guam's overall prosperity. Guam's housing problem is one of affordability. Authorization for the

LOT 00557  
OCC. NO. 8232

70' WIDE PUBLIC ACCESS AND  
UTILITY EASEMENT

LOT 00552

LOT 53243  
OCC. NO. 8232

LOT 10120-16  
AREA = 153,961 ± SQ.M.  
= 38 ± ACRES.  
REF. MAP I4-85T229  
SK. NO. 1579

LOT 53246  
OCC. NO. 8232

LOT 10120-16  
(SEE RELEASED PLANS)

LOT 0057  
O.C. NO. 8232

PARCEL "A"  
LM # E4-701671

POB  
N. 00° 00' 00" E  
E. 00° 00' 00" S

LOT 10120-R1G  
AREA = 2,169,951.92 SQ. M.

~~Basic LOT 10120-R15~~  
~~AREA = 2,322,812.92 SQ. M.~~

PARCEL "J"  
LM # E4-701671

KAISER SUBDIVISION  
(TRACT #2)  
LM # E4-701671

PARCEL "H" (PONDING BASIN)  
LM # E4-701671

PARCEL "C"  
LM # E4-701671

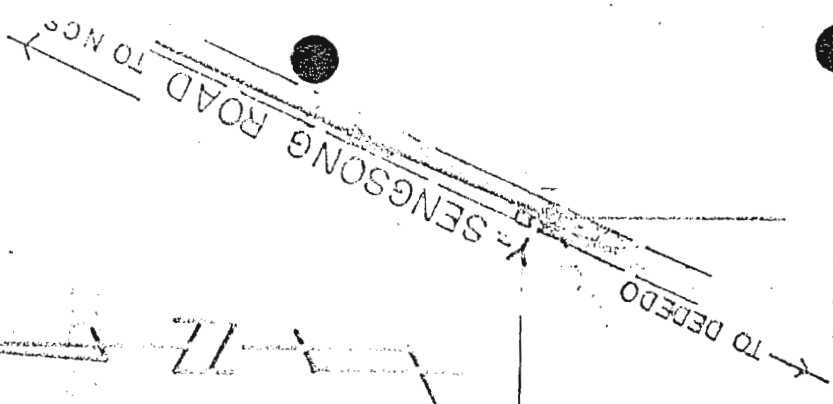
PARCEL "G"  
LM # E4-701671

# PROPOSED PARCELLING OF LOT 10120-16

MUNICIPALITY OF DEDEDO  
LS II SEC. 4

GGTN IE.25

GGTN IE.24  
N 34° 45' 27.2"  
E 59° 57' 1.654"



JN-573-10-89  
LM SK.NO. 1661

PLAN SHOWING BASIC LOT AND GGTN TIE LINE  
SCALE 1" = 150 Mtrs.



# NINETEENTH GUAM LEGISLATURE

163 Chalan Santo Papa  
P.O. Box CB-1  
Agana, Guam 96910  
Tel: 472-3425/3426/3427

RECEIVED  
JLB.  
5/12/88

*Senator*  
*Madeleine Z. Bordallo*

CHAIRPERSON

COMMITTEE ON  
HOUSING & COMMUNITY  
DEVELOPMENT

May 12, 1988

**MEMBER:**

Committee on Justice,  
Judiciary & Criminal Justice

Committee on Youth,  
Human Resources, Senior  
Citizens & Cultural Affairs

Committee on Ways & Means

Committee on General  
Governmental Operations

Committee on Health,  
Welfare & Ecology

Committee on Energy,  
Utilities & Consumer  
Protection

Committee on Rules

Honorable Franklin J. Quitugua  
Speaker, Nineteenth Guam Legislature  
Post Office Box CB-1  
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Housing and Community Development, to which was referred Bill No. 46, "AN ACT AUTHORIZING THE GOVERNOR TO TRANSFER TO GUAM HOUSING CORPORATION A PORTION OF LOT NO. 10120, DEDEDO, FOR A MULTI-FAMILY HOUSING PROJECT," does recommend that the bill be Passed by the Nineteenth Guam Legislature.

Votes of the Committee members are as follow:

To Pass	<u>8</u>
To Not Pass	<u>0</u>
To Report Out Only	<u>0</u>
To Place in The Inactive File	<u>0</u>
Abstained	<u>0</u>
Off-Island	<u>1</u>
Not Available	<u>0</u>

Respectfully submitted,

*Madeleine Z. Bordallo*  
MADELEINE Z. BORDALLO

Attachments

COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

COMMITTEE REPORT ON BILL NO. 46

"AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER TO  
GUAM HOUSING CORPORATION A PORTION OF LOT NO. 10120,  
FOR A MULTI-FAMILY HOUSING PROJECT"

A Public Hearing on Bill No. 46 was conducted by the Committee on Housing and Community Development on February 17, 1988 at 9:00 a.m. in the Legislative Session Hall.

Housing and Community Development Committee Members Present: Chairperson Senator Madeleine Z. Bordallo; Vice Chairperson Pilar C. Lujan; Member Senators Joe T. San Agustin, Martha C. Ruth.

Witnesses Heard: Peter J. Leon Guerrero, Acting President of Guam Housing Corporation.

SUMMARY OF TESTIMONY

GHC Acting President Peter J. Leon Guerrero testified in favor of Bill 46, for future expansion of Lada Gardens.

COMMITTEE FINDINGS/RECOMMENDATIONS

Bill No. 46 would provide Guam Housing Corporation with an area where a multi-family project may be built, with lower per-unit costs than are presently borne by the corporation.

The Committee recommends Bill No. 46 to be Passed by the Nineteenth Guam Legislature.

ATTACHMENTS

1. Committee Voting Sheet on Bill No. 46.
2. Bill No. 46.
3. Testimony on Bills 46 and 393 by the Acting Director, GHC.
4. Attendance Sheet.



COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

VOTING SHEET

BILL NO. 46

"AN ACT AUTHORIZING THE GOVERNOR OF GUAM TO TRANSFER TO GUAM HOUSING CORPORATION A PORTION OF LOT NO. 10120, FOR A MULTI-FAMILY HOUSING PROJECT."

<u>COMMITTEE MEMBER</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>TO REPORT OUT ONLY</u>	<u>TO PLACE IN INACTIVE FILE</u>
<i>Madeleine Z. Bordallo</i> Madeleine Z. Bordallo Chairperson	✓			
<i>Pilar C. Lujan</i> Pilar C. Lujan Vice-Chairperson	✓			
<i>E. Arriola</i> Elizabeth P. Arriola Member	✓			
<i>H. Dierking</i> Herminia D. Dierking Member	✓			
<i>Ted S. Nelson</i> Ted S. Nelson Member	✓			
Joe T. San Agustin Member				
<i>Ernesto Espaldon</i> Ernesto Espaldon Member	✓			
<i>Jim Miles</i> Jim Miles Member	✓			
<i>Martha C. Ruth</i> Martha C. Ruth Member	ru 5/3/88			

**Introduced**

NINETEENTH GUAM LEGISLATURE  
1987 (FIRST) Regular Session

NOV 15 '87

Bill No. 46

Introduced by:

PILAR C. LIJAN *P. Lujan*

*T. S. Nelson*

AN ACT AUTHORIZING THE GOVERNOR OF  
GUAM TO TRANSFER TO GUAM HOUSING  
CORPORATION A PORTION OF LOT NO. 10120,  
DEDEDO, FOR A MULTI-FAMILY HOUSING  
PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. The Governor of Guam is authorized to transfer a portion of Lot No. 1012  
3 Dededo, Guam containing an area of ten (10) acres to Guam Housing Corporation for a  
4 multi-family housing project.



# Guam Housing Corporation

P. O. BOX 3457 • Agana, Guam 96910 • Phone No. 472-6359/472-4258/477-8026



TESTIMONY ON BILL NO. 46 AND BILL NO. 393  
BEFORE THE COMMITTEE ON HOUSING AND  
COMMUNITY DEVELOPMENT  
19TH GUAM LEGISLATURE  
THE HONORABLE MADELEINE Z. BORDALLO, CHAIRPERSON

Submitted by:  
Peter J. Leon Guerrero  
Acting President  
Guam Housing Corporation

Madam Chairperson, and members of the Committee on Housing & Community Development, I am Peter J. Leon Guerrero, Acting President of Guam Housing Corporation, appearing before you today to offer comments on Bill No. 46 and Bill No. 393. We find it fitting that both measures should be heard on the same day as one bill proposes to assist in the expansion of our rental program while the other seeks to eliminate it. As passage of either measure would affect the other, my testimony addresses both bills.

Regarding Bill No. 46's intent to transfer to GHC a portion of Lot No. 10120, we have no objections. We must make very clear, however, that the proposed multi-family housing project for which Lot. No. 10120 is to be made available is, for the time being, on hold. We delayed implementation of the Lada Gardens II proposal in order to assess some important considerations. Some such factors are:

1.) Whether the project could be self sufficient; 2.) would the necessary rental rates be affordable to low and moderate income families; 3.) would the project be in direct competition with the private housing rental market.

Our break-even analysis for Lada II suggests that rental rates must be between \$435.00 and \$560.00 per month. This amount is more than double the present average rates for the existing Lada Gardens I complex.

Also, our research into Guam's housing stock indicates a dramatic increase in multi-family building permits since the time when the Lada II feasibility study was undertaken. It appears that from 1985 to 1987 the approximate dollar value of building permits issued is \$62,000,000.00. This upward trend bears close monitoring before proceeding with any new government sponsored or owned housing developments. One clear indicator as to the government's position on this matter would be the Legislature's disposition of Bill No. 393. Should Lada Gardens be sold, the issue of Lada Gardens II would be moot.

The fact that expansion of our housing rental program is on a holding pattern should not be basis for any misconstrual of our position regarding the existing Lada Gardens complex. Our position on Bill No. 393 was communicated to the bill's principal sponsor Senator Ted

Nelson in July, 1987. As our position remains unchanged and in order that you be more fully apprised of such, much of the information transmitted to Senator Nelson is incorporated herein.

The Lada Gardens project was initiated because of the Guam Housing Corporation's concern for providing reasonable rental rates to families who could not afford rates on the private market. For this reason Guam Rental Corporation was created in 1968.

Back in 1969 there were no programs such as the Section 8 subsidy program, and GHURA low rent public housing even then catered primarily to clients within an income range that left many of our island families without sufficient help. These families were in the position of either sharing homes with relatives or paying rental rates that were much higher than they could really afford. These families could not qualify for GHURA programs because of their income levels, which were too high by GHURA standards.

Thus GRC was created to apply for a U.S. Dept. of Housing and Urban Development loan for which Guam Housing Corporation could not qualify. After lengthy analysis and loan approval one hundred and fifteen units were constructed in Dededo. Considering the rental rates in the private market at the time, an average of \$350 per month, the original Lada Gardens rates of \$81, \$97, \$111 for 2, 3, and 4 bedroom homes respectively were a welcome addition to the rental market.

The Lada Gardens philosophy is to provide low cost, adequate, safe housing to families that in many cases would not be able to qualify for any alternate programs. Our program has always catered principally to the lower middle and middle income families on island. Of course, because of certain Federal requirements we also had to allow very low and even some high income families to live in the project so as to maintain a well proportioned client income base. The reasons for this concept is to create an environment whereby the lower income families being surrounded with perhaps better educated, higher income families would have an opportunity to live in an environment more conducive to good citizenship.

Until recently the project has been required to abide by HUD guidelines. Partly due to those requirements rental rates have been kept quite low compared to the private market. Because of the lower rates Lada Gardens has consistently operated at a loss (book) until FY86 when a modest net of \$1,700 was made. Our FY87 operations showed a \$34,000 net profit as of the end of September.

During our appearances before this committee early last year, concern was expressed over GRC's overall financial picture as well as the very low rental rates of \$165, \$189 and \$212 per month for our 2,3 and 4 bedroom units. This concern was not inconsistent with our view that with rising cost of operations, such rates would soon prove inadequate.

Our proposal at the time was to effect a rate structure consistent with what lower middle income families would afford which would also provide for the increase in operational costs. Low income families which qualified for GHURA Low Income Public Housing or Section 8 subsidy would be required to take advantage of these programs upon availability.

This proposal was welcomed by some members of this committee while others expressed disapproval.

The potential exists for projects such as Lada Gardens to continue to enhance the lives of island residents. The need certainly exists for housing for those families who are caught in the middle. These families sometimes earn too much to qualify for the various government administered welfare programs, and yet don't earn quite enough to be in the position to buy their own home, or afford the private market rental rates. These are the people for whom Lada Gardens was built.

## II. Proposed Bill

Section 1 "Notwithstanding any law, rule or regulation to the contrary, the Governor of Guam is hereby authorized to sell government-owned units at Lada Gardens, Dededo."

Comments: This section appears to be written under the assumption that the Lada Gardens rental complex is owned by the Government of Guam. Guam Rental Corporation owns Lada Gardens with Guam Housing Corporation holding the mortgage on the property.

Guam Rental Corporation might best be characterized as a quasi-governmental entity, although it is established under the laws of Guam as a private non-profit organization. The members of the Board of Directors of Guam Housing Corporation also sit on the Board of Guam Rental Corporation.

The only other relationship between GRC and GHC is that Guam Housing acts as a contractual management agent running the day to day operations of the housing project.

"Section 2. The Governor of Guam shall direct the President of the Guam Housing Corporation to effectuate the intent of this Act by offering for sale the government-owned units located at Lada Gardens, Dededo. The Guam Housing Corporation Board of Directors shall established the sale price per unit to:

- (a) the current lessees of the units; and
- (b) other interested persons."

Comments:

The anticipated average sale price per unit at Lada Gardens is approximately \$57,000.00 based upon an appraisal of the units done in August 1987. At present, the average yearly household income of our tenants is \$17,000. Using Guam Housing Corporation's mortgage loan underwriting policy, such an applicant would qualify for a loan in the amount of \$16,000 to \$25,000. Clearly the average Lada Gardens



tenant could not afford mortgage payments, closing cost and the 20% down payment as would be required. For these reasons Guam Rental Corporation would be forced to sell the majority of the units to other interested persons leaving the existing tenants without a place to live.

"Section 3. Receipts from the sale of these units shall be deposited into a special fund to be known as the "Guam Housing Corporation Unit Sale Fund." The custodian of the Fund shall be the President of the Guam Housing Corporation. The Fund balance shall be reported to the Legislature at the beginning of each quarter. The Fund may be expended only upon appropriation by law."

Comments: If the reason for the proposed sale of Lada Gardens is to generate new mortgage lending money, perhaps the language of this section should clearly reflect such intent. Also, legislative appropriation for use of the Fund may seriously hamper Guam Housing Corporation's ability to provide money to our borrowers as needed.

Perhaps a clause requiring that all revenue generated through the sale of Lada Gardens only be used for the purpose of Guam Housing Corporation's mortgage lending program would satisfy the Legislature's intent, should this bill be passed.

One important consideration in deciding the use of the proceeds is the \$1.3 million balance on the Lada Gardens mortgage. As this must be addressed prior to any other expenditure of such funds the net amount available for the Sale Fund would decrease accordingly.

### Conclusion

The reason for the sale of Lada Gardens, as expressed to us by Senator Nelson, is to assist in the reduction of our government's deficit. What is not clear is whether the generated revenue would be applied directly towards the deficit or if GHC would use such funds under our mortgage loan program thereby increasing the real estate tax roll.

Careful consideration must be given to the needs of existing tenants and be weighed against deficit reduction at their expense.

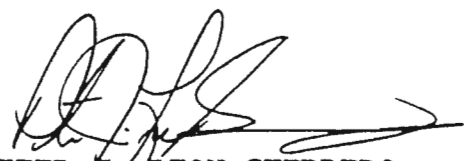
In any event, GHC opposes the sale of Lada Gardens.

Lada Gardens is considered a valuable asset to Guam Housing Corporation, its tenants and the people of Guam. Guam Housing Corporation management would oppose any disposition of this property to generate mortgage lending money other than its use as collateral for a long-term loan.

Given such considerations as the nature of the Lada Gardens clientele, the state of Guam's housing stock and the availability of alternate housing programs, the sale of Lada Gardens would be contrary to Guam Housing Corporation's expressed commitment to providing for the housing needs of Guam's low and moderate income families.

Also, although the feasibility of expanding our number of rental units is still under study, we do not object to the transfer of Lot No. 10120 to GHC for possible future expansion.

Thank you for your kind attention and for the opportunity to express our views. Since we were given only two working days notice for this hearing we are admittedly not as prepared as we would like. However, we will attempt to address what concerns or answer what questions the committee members may have.



PETER U. LEON GUERRERO



Introduced

JAN 04 '89

TWENTIETH GUAM LEGISLATURE  
1989 (FIRST) Regular Session

Bill No. 44 (cor)

Introduced by:

P. C. Lujan *PC*

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